

# Transcript of Reagan's Speech to Nation on G.O.P. Policy and the Economy

Following is a transcript of the address by the President to the nation from Washington last night, as recorded by The New York Times.

My fellow Americans, in recent days all of us have been swamped by a deluge of economic statistics, some good, some bad, and some just plain confusing. There are times when I think that the paper traffic that crosses my desk in a week could fill a big city phone book, and then some.

The value of the dollar is up around the world. Interest rates are down by 4 percent. The stock and bond markets surge upward. Inflation is down 5 percent. Buying power is going up. Some economic indicators are down. Others are up. But the dark cloud of unemployment hangs over the lives of 11 million of our friends, neighbors and family.

At times, the sheer weight of all these facts and figures makes it so hard for anyone to understand. What do they really mean, and what can we do to make them better?

Well, the first step is to understand what they mean in human terms, how they're affecting the everyday lives of our people. Because behind every one of those numbers are millions of individual lives; young couples struggling to make ends meet, teen-agers looking for work, older Americans trying to get by on inflation, small-business men fighting for survival, and parents working for a better future for their children.

## What to Make It a Better Place

All of them have one thing in common. They're Americans who love this country of ours and want to make it a better place. They're brave, hardworking people who know that America today faces serious problems that were long years in the making. And they're desperately trying to make sense out of all the statistics and political jargon filling the airwaves in this election year. Above all, they're concerned about the future, looking for guidelines on the road to recovery, for ways to help set our country through to better times.

I know because I hear from hundreds of them every day, in meetings here at the White House, in visits to schools, meeting halls, factories and fairgrounds across the country, and in thousands of phone calls and letters. I only wish I could share with you tonight all that they have to say — their hopes, their fears, their concern, most of all, their quiet, patient courage.

## Letter From Selma, Ala.

But let me just give you one example that speaks for so many of you, a letter from a wife and mother named Judith, who lives in Selma, Ala.

"Dear Mr. President, we hear you're '3:45 A.M. and for over an hour I've been unable to sleep. This morning I need your help. I'm not writing to you as an individual, but as a representative of so many. We need to talk with you — to believe that you hear us."

"After years of training and experience, we can't find jobs. National unemployment figures sound almost healthy next to the almost 10 percent we're enduring in Selma."

"The cost for basic survival are nearly beyond belief... they may never be a house — home of our own. That dream we've worked for for so many years... We have said 'no' to so many things... we're afraid and confused. We've planned... we're frugal... careful. We've got to get out of control. We don't want a handout. We just want to help make this system work again."

"We must know that in the tons of bureaucracy... we've not been just told we want to help. We've been told we're willing to work for it. We believe. We must — 'I all we have.'"

## The American Dream

Well, Judith, I hear you. And millions of other men and women like you stand for the values of hard work, thrift, commitment to family and love of God that made this country so great, and will make us great again.

Add you desire to know what we're doing in these difficult times. We're doing the American dream — back to life again after so many years of mistakes and neglect.

Tonight, in homes across this country, unemployment is the problem upon which many people's minds. Getting things back to work is an urgent priority for all of us — and especially for this Administration.

But remember, you can't solve unemployment without solving the things that caused it — the out-of-control government spending, the skyrocketing inflation, the loss of jobs that led to unemployment in the first place. Unless you get at the root causes of the problem — which is exactly what our economic program is doing — you may be able to temporarily relieve the symptoms, but you'll never cure the disease. You may even make it worse.

I have a special reason for wanting to solve this problem in a lasting way. It was 1929 and rising prosperity. But each time the economic disruption caused by inflation triggered another round of recession and high unemployment, the Government reacted, not by letting the family work — but by putting its own house in order — but by spending, borrowing and printing more money.

## United Press International

President Reagan giving his televised speech last night.

Unless we reverse that trend, it can't be our children and grandchildren. Now let's look at what's behind this crisis. The money that's been poured into the economy and a lot of time and not air have been spent looking for scapegoats.

What's the plenty of blame to go around. The problems we face are bigger than any one party or group of people. They're the result of a long-term trend, not of years — even decades — of past mistakes. The problem isn't who to blame — it's what to blame. So tonight, let's look at how our country got into this fix and what we can do to get her out of it.

When I said this problem has years in the making, I wasn't just using a figure of speech. This chart shows you what I mean.

You see that red line. It represents the rate of unemployment from 1968 through the present and it tells us two important things. First of all, it's a jagged line, representing rises and dips in unemployment as our economy passed through boom and bust cycles. But the overall trend is clear. It shows a steady rise in unemployment over the past decade. This rise reminds us that the current recession is part of a long series — a series that isn't stopped because of a few years, when the crunch came, too many in government resorted to quick fixes instead of looking for long-term solutions.

Each time they applied the quick fixes, unemployment dipped for awhile, only to take off again. In that sense, you could say that we've been on a decade-long roller coaster ride. The only difference is that, on a roller coaster, you end up on solid ground when the ride is over. As you can see from the chart, while unemployment zigzagged from year to year, its long-term trend was nothing up and down. Notice that each so-called recovery left unemployment higher than before the recession.

In 1968, unemployment stood at 3.6 percent. In 1971, it shot up to 5.3 percent. Then it started coming down again, but instead of going all the way back to 3.6 percent, it bottomed out at 4.9 percent. In 1974, it started shooting up again, and the same thing happened. It bottomed out at a higher level than before. In other words, for all its short-term ups and downs, the unemployment roller coaster was really an escalator, edging us higher and higher throughout the last decade.

spend \$10 billion just to pay interest on that debt. And still the big spender wonder why the American people want what a stubborn minority in the House of Representatives denied them just 12 days ago, a Constitutional Amendment to balance the budget.

All of this Government spending and red ink can only spawn higher taxes and whopping deficits which, for nearly two decades, led to inflationary increases in the money supply. Inflation and massive Government borrowing drive up interest rates. That makes it difficult or impossible for families to get the credit they need to buy homes, cars and appliances, or for businesses to invest in greater productivity. And, ultimately, inflation leads to recession and high unemployment. We've had eight recessions since World War II.

## Impact of Inflation

At the bottom of it all is inflation — Government-caused inflation. Over the years, our leaders adopted something called the "new economics" based on a belief that a little inflation each year created prosperity. But each time the economic disruption caused by inflation triggered another round of recession and high unemployment, the Government reacted, not by letting the family work — but by putting its own house in order — but by spending, borrowing and printing more money.

Unemployment would dip for a time, but the same quality that sent inflation back through the ceiling.

It's a vicious cycle. Too many people played politics with the economy for too long, and those twin disaster lines kept inching ominously upward, bringing our society closer and closer to catastrophe.

In a way, I guess I can understand why so many of our political leaders fell into this trap. I'm sure they did it with the best of intentions. It's easy to lose touch with reality when it's easy to get the money that's been poured into the economy and a lot of time and not air have been spent looking for scapegoats.

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So now, we're staggering under a billion dollar debt. This year, before the Government can spend one dime to feed the hungry, care for the sick or protect our freedom, it must plan to

five critical problems: high taxes, runaway Government spending, inflation, high interest rates and unemployment. Getting to the roots of unemployment means fighting inflation, and high interest rates caused by runaway Government spending and taking because we know that, when inflation shoots up, it triggers a delayed-action rise in unemployment; now inflation is being driven back down, and lower unemployment will follow.

So we started by winning the first real tax cut for the American people in nearly two decades. Our program brings down income tax rates 10 percent. At the same time, we've been cutting costly, wasteful Government programs and the rate of increase in Government spending. We've reduced the rate of Government spending growth by nearly two-thirds.

## Cites Decline in Interest

Inflation, which registered 12.4 percent in 1980, is down to just 3.1 percent so far this year.

Interest rates, which had climbed as high as 21 1/2 percent before we took office, last week fallen to 12 percent, not low enough, but certainly heading in the right direction.

Unemployment, always a lagging indicator in times of recession has not yet stopped its upward drift.

But in 21 months, we've already brought tax rates down by a quarter, with the third installment coming next July, and brought down the rate of increase in Government spending by nearly two-thirds. That's helped us to bring down the rate of inflation by more than half, and it's helped us to bring down interest rates by 40 percent.

So, on four of five problems that faced us in 1980, we've made important progress. We haven't solved them all, but we're making headway. Just last week, the Federal Reserve Bank decided to lower its discount rate to 9.5 percent, the first time this key interest rate has gone below two digits since 1979. The rate of our spending is just four months. This demonstrates the Fed's confidence that inflation and market rates will continue coming down, and its confidence that we can work together for a healthy, noninflationary recovery. All of this lays the ground work for a recovery that will mean more jobs and more opportunity for all our people, but it's a delayed reaction.

"Remember the Trenchlines" Remember the trenchlines. Just as surely as skyrocketing inflation created a negative reaction that drove up unemployment, bringing down regulation and interest rates is creating a positive reaction that will boost employment. I wish there were a quicker, easier way. Some magic short cut. But unemployment is always one of the last things to turn around as an economy heads into recovery.

What's more, America is recovery-bound and the world knows it. The American dollar, beaten down and distressed in the late 1970's, is showing a new strength. Recently, we've been seeing a surge of investment in our stock and bond markets. A return to the big spenders. Markets will go up and they will come down, but the trend in the United States is up.

What's more, this investment is coming from all over, from home, from abroad, from small investors on Main Street, to those who manage billions of dollars, including our workers' pension funds.

"This One Is Built to Last" Aren't these the gloom and gloom coming from Washington? Because they're watching this country's inflation and interest rates dropping for months. They realize this Administration's restoration program is the battle against inflation. Their decision to put cash on the line is a strong vote of confidence in the foundation being laid for America's recovery. Healthy, stable growth that will bring new jobs and opportunity for our people without re-

turning us to runaway inflation and interest rates.

That's the one big difference between the recovery America is headed for today, and the shaky, temporary recovery of the recent past — this one is built to last.

With your support we can show the world that we've learned our lesson and that this time we're going to get the job done and get it done right. This time we're going to keep inflation, interest rates and government spending, taxing and borrowing down, and get Americans back on the job.

Much of the work that remains to be done requires Congressional cooperation. As you know, Congress adjourned Oct. 2 for the election campaign, but it left behind a lot of unfinished business. For this reason, I urged the Congress to reconvene, after the elections, so they can do its part as quickly as possible, to continue the work of recovery. We simply can't afford to wait until next year when something as vital as the economic health of America is at stake.

The Congress will return on Nov. 29. It will face five top economic priorities that must be addressed.

First, the Congress must do its part to control Government spending. Before adjourning, it sent me only two appropriations bills. Eleven more remain to be passed, and I will use the veto if necessary to keep them within the budget. When the Congress passes the tax package this summer, it pledged to save \$30 billion for every dollar new revenues we intend to hold the Congress to its word.

Second, I urge the Congress to reconsider the Constitutional Amendment to balance the budget. This critical measure was passed by the Senate and supported by a clear majority in the House of Representatives. It was only defeated because of the hard core opposition of a minority of Representatives who prefer continued big spending.

Third, the Congress should act on regulatory reform to help make Government more economical and more productive. Regulatory reform legislation was passed unanimously by the Senate, but was bottled up in committee in the House.

Fourth, the time has come for passage of the Enterprise Zones Initiative to revive declining inner city and rural communities by providing new incentives to develop businesses jobs. This program was approved by the Senate Finance Committee but still awaits action on the Senate floor and in the House.

And, fifth, we need to pass the Clean Air Bill, while protecting the environment, will make it possible for industry to rebuild its productive base and create more jobs.

## It's Not an Easy Job

But it isn't an easy job, this challenge to rebuild America and renew the American dream. And I know it can be tempting, listening to some who would go back to the old ways and the quick fix. But consider the choice. A return to the big spenders and big taxing that left us with 21 1/2 percent interest rates is no real alternative. A return to double-digit inflation is no alternative. A return to taxing and taxing the American people — that's no alternative. That's what destroyed millions of American jobs, and we've chosen a new road for America. It's a far better road. We need only the courage to see it through. I know we can. Throughout our history, we Americans have proven again and again that no challenge is too big for a free, united people.

Together we can do it again. We can do it by slowly but surely working our way back to prosperity that will mean jobs for all who are willing to work, and fulfillment for all who still cherish the American dream.

We can do it, my fellow Americans, by staying the course.

Thank you, good night and God bless you.

# Transcript of Riegle's Reply for Democrats to President's Talk on Economy

WASHINGTON, Oct. 14 — Following is a transcript of the remarks of Sen. Dick Riegle, D-Mich., in response to President Reagan's address on the economy, as recd. by The New York Times.

I listened to the President — and I wish I could accept of it what he's saying, that he's on the right course, that things are getting better.

But when you look your own situation today — and ask what things better — what's the honest answer?

If you live from paycheck to paycheck — do you feel secure about your job?

Are you satisfied with what you earn?

Does your paycheck further in buying a house? Are you sending the kids to school?

Or are you working?

One in 10 Americans is working. More people are out of work today than at any time since Great Depression. And it's getting worse.

If you own a small business are you feeling more secure? Do you see businesses dropping off sight all around you? Business are going bankrupt at the rate of eight to 10 minutes — more than 300 failures than at any time since Great Depression.

## Speaks of others

And what if you? Are you more secure? The price of no. Production costs are rising. Prices are lower. Farmers finding their keys over to their cars.

What kind of crisis? Senior citizens trying about what plans the Administration has created two courses: one of them a very fast economic track for a few, the other filled with potholes and roadblocks for the rest of us.

cut Social Security right after the Election. Are they more secure?

Now the Republicans say we should stay the course. They say we're on the right course.

In my home state of Michigan, nearly one in every five people is out of work. Plants are closing. Whole communities are struggling to survive financially. More and more good people — hard working people — people who want a better life — are being thrown onto the welfare rolls.

Here is the current issue of Newsweek — most of it deals with unemployment.

Here is a picture of the Wilk family from Hamtramck, Mich.

If every unemployed family had one page in this magazine — it would take 11,000,000 pages. It would be a stack as high as seven football fields.

And we're told to stay on this course?

See a Downhill Slide

Out in the real world, where you and I live, where people work for a living, the economy is on a downhill slide.

Now are we to believe that because the Federal Reserve Board dropped interest rates a few weeks before the election — that we're on the road to recovery?

Now are we to believe that because the Federal Reserve dropped interest rates a few weeks before the election — that we're on the road to recovery?

The Federal Reserve dropped interest rates because they're scared to death that their long and dangerous experiment with tight money and high interest rates is choking the economy to death. Even the bankers are frightened.

Are we to believe that a stock market boom means that we are on the

road to recovery? The market boomed the very day that the Government announced that unemployment had passed 10 percent for the first time since the Depression. The stock market also boomed in 1929 — just before the Depression.

I'm all glad to see the Wall Street ray. The problem though is on Main Street. And on Main Street the numbers are still heading down.

He President says, "Stay the course." But Democrats feel it's time to change the course and here's how we do it.

There's an international trade war

going on and we're losing it. That's one of the main reasons why my home State of Michigan is so devastated.

Democrats want fair trade, and the sooner we get it — the sooner we can put millions of people back to work.

Democrats know we must change the course on trade. Democrats want interest rates that people can afford. What kind of course is it that says that the sky is the limit when it comes to the Pentagon budget?

Democrats want a sound national defense but the defense increases are too big. We need to trim them back. Every month since the President and

the Republicans got their program adopted a year and a half ago, unemployment has skyrocketed.

"Eyes on Ticker Tape"

Why would the Administration want to stay this course? Maybe because so many of the top officials in the Administration are millionaires who have no understanding of what life is like for most Americans.

Maybe it's because they have their eyes so far up their noses on Wall Street that they don't see the growing pile of pink slips and foreclosure notices shutting down Main Street.

The truth is that this Administration

has created two courses: one of them a very fast economic track for a few, the other filled with potholes and roadblocks for the rest of us.

That's why staying the course makes sense for them — because they're not paying the price, they're not.

In this country, we have a way to change the course of our economy. We don't have to sit by in despair as our hopes for the future vanish before our eyes. Each one of us can help change the course of our country. And it's my hope that you will do so on Nov. 2.

Thank you.

is one of nearly a dozen American cities with a full-time New York Times bureau.